



DEPARTMENT OF THE AIR FORCE

HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

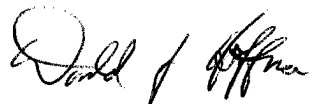
JAN 16 2009

MEMORANDUM FOR ALHQCTR/CC/CL
ALHQSTAFF
ALINST/CC/CL

FROM: AFMC/CC
4375 Chidlaw Road
Wright-Patterson AFB OH 45433-5001

SUBJECT: AFMC Public-Private Partnership (PPP) Guidance for Depot Maintenance

1. On 31 January 2008, AFMC/CC directed the standup of the HQ AFMC/A8R Business Integration Office and chartered it as the responsible organization for shaping AFMC best business practices. DoDI 4151.21, *Public-Private Partnerships for Depot-Level Maintenance*, and AFI 63-107, *Integrated Product Support Planning and Assessment*, provide the overarching direction concerning public-private partnerships. The Business Integration Office is developing an AFMC Instruction to support these two regulations.
2. A PPP is one of the preferred sustainment support arrangements pursued by the Air Force, as noted in AFI 63-107, which is currently being revised and consolidated into AFI 63-101, *Acquisition and Sustainment Life Cycle Management*. The attached AFMC PPP guidance for depot maintenance provides interim AFMC guidance to all AFMC organizations with specific focus on AFMC industrial facilities. This policy is valid until the release of AFI 63-101 and the AFMCI Supplement to that instruction.
3. Please direct questions regarding PPP guidance for depot maintenance to Colonel James Wertz, HQ AFMC/A8R, DSN 986-2103, afmc.a8r.work@wpafb.af.mil.


DONALD J. HOFFMAN
General, USAF
Commander

Attachment:
AFMC PPP Guidance for Depot Maintenance

cc:
SAF/AQ
SAF/IE
SAF/A4

War-winning capabilities ... on time, on cost

AFMC Public-Private Partnership (PPP) Guidance for Depot Maintenance

The purpose of this document is to provide AFMC organizations guidance on Public-Private Partnerships (PPP) for depot maintenance. This document updates guidance provided by HQ AFMC/A4 on 29 March 2006, *AFMC Public-Private Partnership (PPP) Guidance for Depot Maintenance*, which expired on 29 March 2007. This document will serve as interim guidance for development and management of all AFMC PPPs for depot maintenance until the release of AFI 63-101, *Acquisition and Sustainment Life Cycle Management*, and the AFMCI Supplement to that instruction.

1.0 Applicability

This guidance applies to all types of PPPs for depot maintenance within AFMC and is applicable to all AFMC organizations. This guidance provides policy for existing (“legacy”), draft and future PPPs. The directions and approval thresholds within this document are consistent with DoD, Air Force and AFMC requirements.

2.0 Public-Private Partnering Philosophy

PPPs are a means to further integrate acquisition and sustainment and enhance overall product support. It is DoD guidance to pursue PPPs for depot maintenance in support of DoD workloads¹ and to primarily form those arrangements using the Centers of Industrial and Technical Excellence (CITE) designations.² The objective of PPP for depot maintenance is to leverage the best of public and private core competencies in pursuit of improved lifetime performance and sustainment of multiple weapon systems for the Air Force. A viable industrial repair base in both sectors is essential in order to ensure the long-term depot maintenance capability necessary to achieve operational objectives. Partnerships help reduce technology gaps of organic core capability and infuse new workloads, systems, technology and processes into the organic depots. PPPs can contribute to achieving more effective organic maintenance operations and the economical sustainment of organic capabilities.

Additionally, the objectives of PPPs for the warfighter include reduced repair cycle times and more responsive, timely and reliable support. The objectives of PPPs for the depots include sustainment of core capabilities, reduced costs for sustainment, reduced ownership costs for facilities and equipment, introduction of new technologies and processes and optimization of organic capacity. Appendix A provides additional details concerning the goals and objectives of partnering.

Depot maintenance PPPs shall have partnership metrics that are assessed throughout the life of the agreement to track the degree to which they are meeting planned objectives. These metrics should be aligned with higher level program and depot maintenance strategies. Per AFI 63-107, *Integrated Product Support Planning and Assessment*, the Program Manager (PM) is responsible for the execution of PPP policy and presenting the strategy at Acquisition Strategy Panel or equivalent reviews. PPP strategies must be

¹ DoDI 4151.21, *Public-Private Partnerships for Depot-Level Maintenance*, Para. 4, Pg. 2, 25 April 2007.

² Ibid, Para. 5.2.2, Pg. 2.

considered by the PM (in coordination with the using Command and candidate depot at a minimum) in the development of the product support concepts, documented in the Life Cycle Management Plan (LCMP) and addressed prior to Milestone B.³ A partnering agreement may also be initiated for existing (“legacy”) workloads and programs if found to be in the best interest of the government.

3.0 PPP for Depot Maintenance Defined

A PPP for depot maintenance is a written agreement between the government and one or more private sector entities for the performance of DoD depot-level maintenance or for the use of DoD facilities and/or equipment. This agreement establishes a collaborative relationship that does not distinguish a primary partner. Partnering opportunities can be addressed at any point on the acquisition/sustainment continuum, although early integration improves the potential benefits.

PPP agreements for depot maintenance support can be as simple as an organic depot-direct sale of a good or service to industry or as complex as an enduring relationship to jointly accomplish a full range of depot maintenance activities. PPPs must clearly describe the unique objectives of the partnership, capture the needs of the partners, determine any resources to be shared and describe the organic depot use of existing depot maintenance policies and procedures to the maximum extent practicable. Existing Air Force PPPs typically take the form of public sector repair, overhaul, modification or production of goods and services for a DoD contractor or where private industry leases public sector equipment and/or facilities. The government also takes advantage of PPPs by bringing in contractor workers to perform repair, modernization, refurbishment and testing of government systems, using government equipment in government facilities. A key element in each of these arrangements is the utilization of some aspect of organic depot maintenance capability to support the partnership. Appendix B provides a list of the primary statutory and regulatory guidance that governs depot maintenance partnerships.

4.0 PPP Documentation

PPP documentation consistency will be established for all AFMC organizations in accordance with the AFMC PPP Guidebook, which can be found at: <https://afkm.wpafb.af.mil/ASPs/CoP/EntryCoP.asp?Filter=OO-TR-MC-66>. Templates provided within the AFMC PPP Guidebook detail the essential content and format of PPPs and provide mandatory sections for consistent PPP development.

All PPP documents currently in draft and/or signature cycle will be considered legacy agreements until 01 January 2009. Thereafter, all PPPs will comply with new format and content as directed by the HQ AFMC Business Integration Office, HQ AFMC/A8R. Should a draft PPP be in signature cycle but the parties are unable to acquire signatures prior to 01 January 2009, HQ AFMC/A8R may grant an extension to the legacy consideration depending upon complexity and scope of the agreement on a case-by-case basis.

³ AFI 63-107, *Integrated Product Support Planning and Assessment*, Ch 4, Para 4.3.1, 10 November 2004.

PPPs typically consist of three different types of agreements which are described below that support the growing maturity of the partnership.

4.1 Strategic Partnership Agreement (SPA): An SPA is not a mandatory but a recommended document. An SPA is a broad, overarching agreement that describes the weapon system, sets the partnership parameters and provides organizational commitments necessary to establish more specific PPP relationships. The SPA may be completed at any time but is typically completed after the Source of Repair Assignment Process Phase I candidate depot identification and core determination. The depot can determine if this document is necessary for a commodity-based partnership pursuant to the approval thresholds in this guidance. SPA objectives and milestones help the implementing public and private staffs understand the overarching intent of the relationship and the expected timelines for its accomplishment. The SPA cannot represent the more comprehensive Partnering Agreement (PA), nor can the partnering entities execute an Implementation Agreement (IA), as discussed in paragraph 4.3, solely under the authority of an SPA.

4.2 Partnership Agreement (PA): A PA establishes the organizational interactions, assumptions and processes the stakeholders agree to follow during the partnership. The AFMC PPP Guidebook details the PA Articles and subsequent wording that must exist to provide consistent understanding between all stakeholders. In many areas, the AFMC PPP Guidebook provides “mandatory” wording for specific Articles which should be verbatim unless the deviations are explained and approved by HQ AFMC/A8R. Other “sample” wording for other Articles may be modified without explaining the deviations so long as it has the signature authority’s approval. All Articles will be included in order, though some Articles may contain “N/A” explanations rather than recommended wording. The PA language will state that the Air Logistics Center (ALC) will use existing depot maintenance policies and procedures for the performance of each partnership to the maximum extent possible. The PA is coordinated through all stakeholders and signed by the principals involved with the business efforts. Generally, signatories include the Center Commander (or designee) as the government signatory and an equivalent level representing the industry partner. Also see paragraph 5.2.

A PA can be created and signed at any time. However, no workload may be accomplished under the PA until there is sufficient information concerning the actual work efforts to allow the development of an IA and the IA’s associated Business Case Analysis (BCA). The BCA provides sufficient decision information to the approval authority to support efforts within a declared scope with a reasonable understanding of commitments, costs, risks and probable benefits. When the IA and BCA are completed and approved by the partnership approval authority, the candidate depot may consider the partnership approved for execution. A separate BCA is required for each IA. More detailed information on BCAs is provided in paragraph 5.3.

The type of partnership selected is based on what approach or combination of approaches best serves the objectives of the partnership. Suggested types of PAs are described below.

Workshare Agreement – A combination of organic and private industry facilities and/or employees that share responsibilities for the execution of DoD workload requirements. The buying activity issues a project order(s) to the ALC and a contract to the private partner.

Direct Sales Agreement (DSA) – An arrangement by which an ALC sells depot level maintenance supplies and/or services directly to private industry. Industry directly pays the ALC for the work performed in accordance with the statute chosen. The DSA typically provides support for US Government and/or Foreign Military Sales (FMS) end use. For sales of goods and services to be incorporated into items for end use by a non-US Government entity not under a DoD contract, subcontract or FMS agreement, HQ AFMC/A8R will determine the IA approval level.

Leasing Agreement – An agreement whereby a private company may use underutilized government facilities and/or equipment for the purposes of performing depot-level maintenance. Property can be leased on a rent-paid or in-kind basis (at fair market rental charges) if it is to be used for production/repair of commercial workloads. The government may provide rent-free use of property if used for the performance of DoD workload. The lease agreement will identify acceptable conditions for termination should the government require the facilities/equipment for performance of higher priority workload pursuant to this guidance.

4.3 Implementation Agreement (IA): IAs issued after 1 January 2009 shall be created in accordance with the AFMC PPP Guidebook required format and include content that describes the efforts to be completed as envisioned by the approved PA. Additionally, the IA describes the specific deliverable line items and associated documents and processes that will be employed to execute the requirements. In concert with the IA requirements, the government partner shall document metrics that support continued evaluation of the PPP and perform monitoring, reporting, evaluating and recommendation actions to the PPP approval authority as referenced in paragraph 6.6. Records of all associated execution documents (e.g., purchase orders, Direct Sales Orders, payment documents, lease payment documents, work orders, etc.) shall be retained by the government partner in accordance with the time requirement identified in the PA following the completion of the IA. It is the aggregate collection of all related documents that fully characterizes the partnership.

5.0 AFMC Direction

AFMC PPPs are living documents that shall be reviewed periodically. As a minimum, the government partner should review/modify these documents when there is a change in scope in the agreement and/or when either party determines that changes are necessary based on reasonable circumstances. As a partnership evolves over time the PPP shall be modified to accommodate changes in Air Force policy and/or direction. In the event of a

change in ALC (or Maintenance Wing (MWG)) Commander, the responsibility to advise the new leadership rests with the applicable Center Business Office or staff equivalent (currently ALC/XPL) within the organization.

The government partner will report their partnership metrics to HQ AFMC/A8R on a quarterly basis for each PPP that has active business. The objective is to track the progress made in obtaining the expected benefits identified in their Business Case Analyses. These metrics should include triggers and decision alternatives to assist partners with optimizing PPP outcomes. These data summaries will be provided by the Center Business Office through their organization's chain of command to HQ AFMC/A8R. Additional information concerning reporting can be found in paragraph 6.1.

The PPP documents are the responsibility of the AFMC organization establishing the partnership and are developed in coordination with multiple stakeholders associated with the partnered business activities. Stakeholders include the ALC partner(s), the industry partner(s), and may also include representatives for the operational warfighter and the PM for the system/product or commodity. The PPP will be coordinated with all applicable stakeholders but need be signed only by the principal partners involved with business activities. See paragraph 5.2.

Any change in location of depot maintenance workload between contract and organic sources of repair requires HQ AFMC/A4 approval through the workload approval process.

5.1 Legacy Agreements – PA Updates

An existing ("legacy") signed and approved PA shall be updated to the latest AFMC format when the PA is found to be deficient by HQ AFMC/A8R such that it warrants revision. Deficiencies may be related to format and/or content and will be of a nature that precludes acceptable execution of AFMC business. The updated PA shall be completed within 6 months from written notification of deficiency by HQ AFMC/A8R.

5.2 PPP Approval Authorities

AFMC/CC must approve all PPPs for US Government end users with an aggregate annual value, actual or anticipated, greater than or equal to \$25M as estimated by the Center Business Office or lesser value PPPs that are deemed to be of significant interest to AFMC/CC. The ALC Commander approves PPPs for US Government end users with an aggregate annual value, actual or anticipated, less than \$25M. Aggregate annual value includes the expected revenue from all efforts of any description that fall under one or more IAs under a single PA. The expected revenue from the agreement does not include the private sector or other investments. The Center Commander may delegate this approval to the Wing Commander level.

All PPPs, regardless of dollar value, where any part of the supplies or services will be consumed by other than U.S Government end-users and are not DoD contracts,

subcontracts or that have an existing FMS Case Number shall be submitted to HQ AFMC/A8R for determination of the appropriate approval authority.

When an existing (“legacy”) PA has been signed and approved and has work being accomplished under its authority but will exceed approval authority scope (currently set at an aggregate annual value that exceeds \$25M annually), it shall continue to remain in effect until the higher approval authority reviews the change in work scope. Approval by the proper authority shall be accomplished within 60 calendar days of determining that the new scope requires a higher approval authority.

Prior to approval of any partnership, the government partner to the PPP shall coordinate their draft PPP documentation with HQ AFMC/A8R.

5.2.1 Procedures

When AFMC/CC is the approval authority, HQ AFMC/A8R shall document its approval. Otherwise, the respective Center Business Office staff shall complete the documentation. All PPP approvals shall be accomplished using an electronic Staff Summary Sheet (eSSS) coordinated to the approval authority through the Center Business Office on the approval authority’s staff. The approval shall be added as an addendum to the PA.

The approval request consists of consolidated information derived from the respective PA, IA(s) and BCA(s) of the partnership. The approval request shall recommend action on the part of the approval authority. Detailed information backing the approval request will be provided in the eSSS.

AFMC/CC approval requests will be pre-briefed to the AFMC Group at a regularly scheduled meeting. These briefs may be conducted in person, through VTC or teleconference briefs. Recommendations by the Group shall be incorporated and provided to HQ AFMC/A8R at least 5 working days prior to briefing AFMC/CC. The government partner party to the PPP is responsible for presenting the brief.

AFMC/CC approval requests can be approved through an eSSS. Should it be determined that the eSSS is not sufficient to support an AFMC/CC approval, a PPP briefing may be required. These briefings may be conducted in person, through VTC or teleconference. The briefing shall be provided to HQ AFMC/A8R at least 5 working days prior to briefing AFMC/CC. The government partner to the PPP is responsible for presenting the brief.

5.3 BCA Requirement and Content

All AFMC PPPs require a BCA for each IA. BCAs are not required for IAs where there are only minor revisions in the annual IA update as long as the scope of the workload is the same. DoDI 4151.21, *Public-Private Partnerships for Depot-Level Maintenance*, requires that the decision to enter into a partnership be supported by a BCA that considers costs, benefits and best use of public and private sector capabilities.⁴ The BCA provides

⁴ DoDI 4151.21, *Public-Private Partnerships for Depot-Level Maintenance*, Para. 6.5, Pg. 3, 25 April 2007.

sufficient information to the decision maker to demonstrate the partnership is in the best interest of the government. AFI 63-107 states that a responsibility of the Air Logistics Center Commander (ALC/CC) is to assist the PM in the development and implementation of the iterative LCMP to ensure that all technology, acquisition, workload assignment and sustainment decisions optimize the capabilities of the system or group.⁵

SAF/FMC published AFI 65-509, *Business Case Analysis*, on 19 September 2008 and AFMAN 65-510, *Business Case Analysis Procedures*, on 22 September 2008. These documents provide the framework upon which the BCA is defined. Each BCA may vary commensurate with the scope and unique expected benefits of each IA. Additionally, Analysis of Alternatives, Evaluation of Alternatives, or the Depot Source of Repair (DSOR) determination can be used in part or in whole to develop or support the BCA.

The government shall prepare the BCA with appropriate industry input, as required. The government partner is responsible to demonstrate that the partnership is in the best interest of the government. The primary government party responsible for the facilitation of the completion of the BCA is the Center Business Office (ALC/XPL). The Center Business Office shall assign responsibility to the appropriate Program Office Subject Matter Expert (SME) and support personnel (FM, MXW, etc.) for development and completion of the BCA. The Center Business Office is responsible for the staffing and coordination of the eSSS for the BCA's final approval. The approval authority for the PPP, identified in paragraph 5.2, is also the approval authority for the BCA.

The BCA establishes the baseline of the expected objectives/benefits resulting from the agreement and should assist in the generation of metrics to be used to assess whether the PPP remains the best viable solution for the DoD, Air Force (AF) and AFMC. BCAs are required even if the subject work related to the PPP has been directed by leadership as they provide the foundation for evaluation of the negotiated partnership's value.

In addition to providing the standard elements of a BCA as defined in AFMAN 65-510, the BCA documentation shall also: describe how the partnership is aligned to the AF Depot Maintenance Strategy; consider what commitments, costs, risks and benefits are of most interest to the industry partner to better enable their success in the partnership; and document any expected impact to USC Title 10 Section 2464 (Core) and Section 2466 (50-50). Additionally, a well-conducted and documented BCA will support external agency (e.g., General Accounting Office (GAO), Congress, Office of Secretary of Defense (OSD)) requirements for validating the decision-making process.

5.3.1 BCA Documentation for Draft Agreements

As stated in paragraph 5.3, all AFMC PPPs require a BCA for each IA. Therefore, BCA planning should occur early in the partnership planning as this documentation is required prior to accomplishing work.

⁵ AFI 63-107, *Integrated Product Support Planning and Assessment*, Para. 7.14, Pg. 23, 10 November 2004.

5.3.2 BCA Documentation for Legacy Agreements

An existing PPP that is signed and approved still requires a BCA. The BCA will support the PPP by addressing all current and planned business between the stakeholders. Legacy PPPs can be broken out into three separate classifications: PPPs with signed PAs with no current work planned or taking place; PPPs with signed PAs with planned work (IA may be in place but no existing work); and PPPs with signed PAs and IAs with existing work. For each case, legacy PPP BCAs shall be created according to the following guidance:

5.3.2.1 PPPs without planned or existing business: Where a legacy PPP has no actual or planned business between the partners, a BCA cannot be performed. The PPP may remain active but is no longer considered approved in the sense that IAs may not be enacted under its authority until actual business is planned and a BCA is accomplished.

5.3.2.2 PPPs with planned business: Where a legacy PPP has anticipated business between the partners but no BCA exists, one shall be completed before business is conducted. In rare cases where business timelines preclude development of a BCA, the business activities may be conducted in conjunction with the development of a BCA if approved by HQ AFMC/A8R. In these exceptions, the BCA must be completed within 6 months of the date the workload began.

5.3.2.3 PPPs with existing business: Should a legacy PPP have actual business activities being performed between the partners but no existing BCA, a BCA shall be completed in accordance with a documented date-of-completion plan produced by the ALC and approved by HQ AFMC/A8R. The ALCs shall prioritize their existing legacy PPPs that don't have a supporting BCA and provide a plan for completion of these agreements. During the development period for the BCA, the existing business activities may continue as approved so long as they do not exceed the legacy agreement's scope and approval authority.

6.0 Roles and Responsibilities

6.1 HQ AFMC/A8R will:

6.1.1 Develop, disseminate and amend AFMC guidance for all aspects of PPPs for depot maintenance.

6.1.2 Interface with HQ USAF and appropriate HQ AFMC organizations in order to integrate PPP guidance with applicable AF instructions and disseminate consistent statutory interpretation throughout AFMC.

6.1.3 Resolve issues for areas that cannot be resolved between the ALC and private industry.

6.1.4 Interface between cross depot partnerships, such as C-17, F-22, etc.

6.1.5 Collect and report upon PPPs active and in development within AFMC. Report will consist of a slide presentation detailing how each PPP supports ALC workload and AFMC management objectives. Report will detail anticipated and/or actual evaluations of commitments, costs, risks and benefits of PPPs as they relate to Center and AFMC business. Report will detail anticipated and/or actual USC Title 10, Section 2466 percentage limitation impacts and USC Title 10, Section 2466 Core impacts as coordinated with AFMC/A4D.

6.1.6 Maintain a HQ Community of Practice (CoP) that serves as a repository of lessons learned, best practices and template documents that may be used to facilitate PPP development.

6.1.7 Serve as the AFMC OPR for dissemination of information regarding PPPs for reporting to DoD, AF, AFMC, other Services, GAO, etc. Information collection will be accomplished by HQ AFMC staff in accordance with existing policies and procedures. HQ AFMC/A8R may function as Office of Collateral Responsibility in cases where another organization is more appropriately designated as the Office of Primary Responsibility.

6.1.8 Serve as the Command single entry-point for Industry and Government business partners.

6.1.9 Serve as the marketing and business development office for AFMC.

6.1.10 Integrate business practices across AFMC and with OSD and AF-level counterparts.

6.2 HQ AFMC/A4 will:

6.2.1 Assist HQ AFMC/A8R on logistics PPP issues and other related areas that support whether the PPPs are achieving the expected benefits.

6.2.2 Coordinate with HQ AFMC/A8R on collection/reporting of anticipated and/or actual USC Title 10, Section 2466 percentage limitation impacts and USC Title 10, Section 2464 Core impacts.

6.2.3 Interface with HQ USAF and appropriate HQ AFMC organizations in order to integrate PPP guidance with applicable AF Instructions and disseminate consistent statutory interpretation throughout AFMC.

6.2.4 Coordinate on all BCAs that are part of the PPP package that will be approved by AFMC/CC.

6.2.5 Provide guidance and coordinate on ALC instructions relative to contractor investments in equipment.

6.3 HQ AFMC/PK will:

6.3.1 Assist in the development of contracting clauses and/or procurement procedures (to include solicitation/contract provisions, pricing methodologies and evaluation criteria) to implement PPPs.

6.3.2 Assist in Data Item Description/Contract Data Requirements List development to facilitate 10 USC 2466 reporting and DMAG workload forecast reporting requirements.

6.3.3 Augment HQ AFMC/A8R with contracting and pricing expertise as needed to propose, negotiate, implement, standardize and administer PPP agreements and address the interrelationship of PPP with Federal Acquisition Regulation (FAR) based contracting and the Competition in Contracting Act.

6.3.4 Provide lessons learned and sample solicitation/contract provisions to HQ AFMC/A8R CoP.

6.4 HQ AFMC/JA will:

6.4.1 Provide legal counsel to HQ AFMC/A8R on PPP issues and assist with interpreting legislative requirements associated with PPPs.

6.4.2 Provide legal determinations for AFMC PPP positions.

6.4.3 Provide coordination on draft legal positions/opinions concerning any unusual partnering provisions calling for extraordinary remedies or relief (indemnification) as well as any statutory interpretations not otherwise addressed in this policy guidance.

6.5 HQ AFMC/FM will:

6.5.1 Provide financial counsel to HQ AFMC/A8R and assist with interpreting fiscal guidance requirements associated with PPPs.

6.5.2 Coordinate (FMC) on all BCAs that are part of the PPP package that will be approved by AFMC/CC.

6.5.3 Provide guidance and coordinate on ALC instructions relative to pricing, rates, customer reimbursement codes and contractor investments in equipment for PPPs for depot maintenance.

6.5.4 Assist HQ AFMC/A8R in interpreting guidance to capture dollars and customer requirements in order to permit the ALCs to develop and maintain a stable direct labor capability as well as rates for leasing of facilities and equipment.

6.5.5 Ensure ALC financial systems meet cost accounting requirements necessary for support of PPPs for depot maintenance.

6.6 PM will:

6.6.1 Identify potential PPPs as early as possible in the acquisition life cycle after the DSOR determination and before milestone B. New weapon systems that are establishing their support concept shall require consideration of PPPs in the Request for Proposal for System Development and Demonstration Phase. Fielded weapon systems changing their depot maintenance support shall proactively consider use of the organic depots as part of a PPP strategy.

6.6.2 The Program Manager (PM) is responsible for the execution of PPP policy and presenting the strategy at Acquisition Strategy Panel or equivalent review.

6.6.3 Capture cost data for all factors of production related to PPPs (e.g., direct labor, overhead, materiel, G&A). The cost data shall be quantifiable and measurable utilizing generally accepted accounting practices to facilitate 10 USC 2466 reporting.

6.6.4 Establish Data Item Descriptions to identify data details related to depot maintenance tied to the partnering activity and workloads and separate the depot maintenance tasks from non-depot maintenance tasks.

6.6.5 Develop a depot maintenance strategy in collaboration with candidate depots, lead/using Commands and other stakeholders that addresses both the requirement to conduct organic repair and to pursue a PPP approach, where feasible. The information necessary to implement the strategy will be included as part of the RFP for the System Development and Demonstration Phase to ensure depot posturing requirements are addressed.

6.6.6 Ensure a BCA is developed for programs pursuing depot maintenance PPPs. The BCA shall capture the specific Center commitments, costs, risks and benefits of the PPP.

6.7 Center Business Office (ALC/XPL) will:

6.7.1 Serve as the Center Business Office and local entry point for industry/government matters related to PPPs and coordinate all PPP activities with HQ AFMC/A8R.

6.7.2 Function as the organization responsible for vertical and horizontal coordination of all PPP actions.

6.7.3 Seek appropriate opportunities for partnering that add, enhance and/or improve efficiencies in accordance with the Technology Repair Center (TRC)/CITE designations, statutory and regulatory guidance. Identify opportunities for potential private sector use of public sector equipment/facilities that are currently or projected to be underutilized.

6.7.4 Support the PM by assigning responsibility to the appropriate Program Office Subject Matter Expert (SME) and support personnel (FM, MXW, etc.) for development and completion of a BCA for programs pursuing depot maintenance PPPs.

6.7.5 Negotiate partnerships with industry partners and establish mutually beneficial and demonstrable conditions that support Center and AFMC depot maintenance priorities and objectives. Serve as the OPR for development of all supporting partnership documentation. Coordinate all aspects of PPP development, monitoring, evaluation, and change with HQ AFMC/A8R.

6.7.6 Staff and coordinate approval for all PPPs for which the ALC Commander or delegate is determined to be the PPP approval authority. Approval shall detail authority and resource scope for the implementation and direct PPP partners to seek additional approval for changes in authority and scope.

6.7.7 Collect and report upon PPPs that are active and in development within the Center. Report shall be prepared to support HQ AFMC/A8R reporting requirement for PPPs defined in paragraph 6.1. Report shall be completed and submitted to HQ AFMC/A8R NLT 30 calendar days following the end of each quarter.

6.7.8 Ensure PPP scope and content are met by the ALC. Maintain records of PPP development, approvals, assessments, terminations and changes for use in responding to data requests from internal and external agencies. PPPs that require AFMC/CC or higher approval shall be forwarded to HQ AFMC/A8R who will coordinate for AFMC/CC.

6.7.9 Elevate to HQ AFMC/A8R for resolution any situation resulting from development and/or implementation of the PPP that may be contrary to statute and/or DoD/AF/AFMC policy guidance.

6.7.10 Serve as the ALC representative on specific programs or new OPPP initiatives when there is no other assigned ALC Office of Primary Responsibility.

6.7.11 Develop and maintain an ALC PPP website for posting of guidance, lessons learned, sample partnership agreements and other information that may be used to facilitate future PPP implementation.

6.7.12 Advise the ALC workforce and industry as necessary to interpret PPP guidance and/or ALC strategies relative to the establishment of innovative depot maintenance partnerships.

6.8 ALC Maintenance Wing will:

6.8.1 Support the PM by being part of the team that develops a BCA for programs pursuing depot maintenance PPPs.

6.8.2 Negotiate partnerships with industry partners and establish mutually beneficial and demonstrable conditions that support Center and AFMC depot maintenance priorities and objectives.

6.8.3 Assist the Center Business Office (ALC/XPL) in the collection and reporting upon PPPs that are active and in development within the Center.

6.8.4 Oversee and govern depot-level maintenance, repair and overhaul in accordance with the approved PPP scope and content.

6.8.5 Elevate to the Center Business Office for resolution any situation resulting from development and/or implementation of the PPP that may be contrary to statute and/or DoD/AF/AFMC policy guidance.

6.8.6 Develop and disseminate Maintenance Wing instructions relative to pricing, rates, customer reimbursement codes and contractor investments in equipment for depot maintenance PPPs and submit these to HQ AFMC/FM for approval.

6.9 ALC/PK will:

6.9.1 Augment Center Business Office (ALC/XPL) with contracting and pricing expertise as needed to propose, negotiate, implement, standardize and administer PPP agreements.

6.10 ALC/JA will:

6.10.1 Provide legal counsel to ALC Maintenance Wing and Center Business Office (ALC/XPL) and assist with interpreting legislative requirements associated with PPPs.

6.10.2 Apprise HQ AFMC/JAQ of any unusual partnering provisions calling for extraordinary remedies or relief (indemnification) as well as any statutory interpretations not otherwise addressed in this policy guidance.

6.11 ALC/FM will:

6.11.1 Provide financial counsel to ALC Maintenance Wing and ALC/XPL and assist with interpreting fiscal guidance requirements associated with PPPs.

6.11.2 Support the PM by being part of the team that develops a BCA for programs pursuing depot maintenance PPPs. The ALC/FM Comptroller shall coordinate on all BCAs prior to submittal to ALC/CC.

6.11.3 Assist HQ AFMC/FM in developing guidance to capture dollars, workload and customer requirements in order to permit the ALCs to develop and maintain a stable direct labor capability as well as rates for leasing of facilities and equipment.

6.11.4 Ensure depot financial systems meet cost accounting requirements necessary for support of PPPs for depot maintenance.

Appendix A - Goals/Objectives of Partnering

The USC Title 10 Section 2474 statute provides the following overarching goals:

- Improve the efficiency and effectiveness of operations at a CITE (depot)
- Improve the support provided by the Centers for the armed forces user of the services of the Centers
- Enhance readiness by reducing the time that it takes to repair equipment

These overarching goals are further broken down into related goals/objectives in USC Title 10 Section 2474 and from additional partnering source documentation relating to Public-Private Partnerships (i.e., DoDI 4151.21, 30 Jan 02 OSD Memo, AFI 63-107, 29 Mar 06 A4 Memo, and Draft AFI 63-101).

Each partnership must meet at least one of the following goals/objectives but may achieve multiple objectives. Each partnership must identify and provide supporting rationale for each of the claimed objectives in the BCA that supports the creation of the PPP. The principal government partner involved with the business activities must also identify and track appropriate metrics that help indicate whether the claimed objectives are actually being achieved. The identified goals/objectives include:

- More responsive, timely, reliable support to warfighter
- Sustain parts availability, reduce repair cycle times, enhance readiness (improved supportability and reliability)
- Sustain Core capabilities
- Reduce cost of DoD parts and services (produced or maintained at a Center)
- Reduce DoD cost of ownership, in operations and maintenance, and environmental remediation
- Improve use of available organic capability
- Leverage private sector investments to recap depot maintenance activities (facilities and equipment)
- Enhance industrial base to improve and sustain manufacturing & repair capabilities (organic and private)
- Introduce improved business practices & updated technology to DoD maintenance operations and products
- Improve government facility utilization
- Improve Air Force 50-50/Core posture

Appendix B - Statutory and Regulatory Provisions Relevant to Depot-Level Maintenance Public-Private Partnerships

(Not an exhaustive list, nor a complete summary of the content of each provision. The following descriptions focus only on primary aspects of each authority that apply or are relevant to depot-level maintenance activities.)

Authority	Thumbnail Description – Not Exhaustive
USC Title 10 Section 2208(j)	Permits depot financed through working capital funds to <i>sell articles and services</i> outside DoD if the purchaser is fulfilling a DoD contract and the contract is awarded pursuant to a public-private competition.
USC Title 10 Section 2474	Requires the Military Departments to designate depot-level maintenance activities as Centers of Industrial and Technical Excellence (CITEs), authorizes and encourages public-private partnerships, permits performance of work related to depot-level maintenance core competencies, permits use of facilities and equipment and permits <i>sales proceeds</i> from public-private partnerships to be credited to depot accounts.
USC Title 10 Section 2539b	Authorizes the <i>sale of services</i> for testing of materials, equipment, models, computer software and other items.
USC Title 10 Section 2563	Authorizes <i>sale of articles or services</i> outside DoD (excluding those authorized under 10 USC 4543) under specified conditions.
USC Title 10 Section 2667	Allows <i>leasing</i> of non-excess facilities and equipment.
USC Title 22 Section 2754	Allows <i>sales or lease of articles or services to friendly countries</i> under specified conditions.
USC Title 22 Section 2770	Allows <i>sales of articles and services</i> to a U.S. company for incorporation into end items to be sold to a friendly foreign country or international organization under specific conditions.
FAR Subpart 45.3	Permits provision of <i>government-furnished material, facilities and equipment</i> to contractors.
FAR Subpart 45.4	Provides for contractor <i>use and rental of government property</i> .
USC Title 10 Section 2464	Requires the DoD <i>maintain a core logistics capability that is Government-owned and Government-operated (personnel, equipment and facilities)</i> to ensure a ready and controlled source of technical competence
USC Title 10 Section 2466	Provides percentage limitation <i>not more than 50 percent of funds made available for depot-level maintenance for performance by non-Federal Government personnel</i>
DODI 4151.21	Requires that the decision to enter into a partnership <i>be supported by a BCA</i> that considers costs, benefits and best use of public and private sector capabilities.
AFI 63-107	Provides goals, objectives and roles and responsibilities for public-private partnerships